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IN THE CLAIMS:

- 1. 21. (Cancelled)
- 22. (Currently Amended) A rotary drill bit for milling casing material and drilling subterranean formation material, comprising:
 - a bit body having a plurality of cutting elements extending from the bit body;
- a first set of the cutting elements adapted for milling casing material; and a second set of the cutting elements adapted for drilling subterranean formation material, wherein the cutting elements of the first and second sets are substantially interspersed on a surface of the bit body and the first set of cutting elements has a tip exposure substantially equal to a tip exposure of the second set of cutting elements and the cutting elements of the first set have a cross-sectional area different than the cutting elements of the second set.
- 23. (Previously Presented) The rotary drill bit of claim 22, wherein the first set is radially displaced outwardly on the bit body relative to the second set.
- 24. (Previously Presented The rotary drill bit of claim 22, wherein the bit body has an axis and the cutting elements of the first and second sets relatively are positioned on substantially the same radius relative to the axis.
- 25. (Cancelled)
- 26. (Cancelled)
- 27. (Previously Presented) The rotary drill bit of claim 22, wherein the first set of cutting elements are mounted in a binding material that covers at least a portion of a gage portion of the bit body.

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- 28. (Previously Presented) The rotary drill bit of claim 27, wherein the binding material is removed by drilling through subterranean earthen materials.
- 29. 30. (Cancelled)
- 31. (Previously Presented) A rotary drill bit for milling casing material and drilling subterranean formation material, comprising:
- a bit body having a shank portion and a matrix portion for Interconnection to a drill string, and a plurality of cutting elements extending from the matrix portion;
 - a first set of the cutting elements adapted for milling casing material; and
- a second set of the cutting elements adapted for drilling subterranean formation material, wherein the bit is bi-centered.
- 32. (Previously Presented) A rotary drill bit for milling casing material and drilling subterranean formation material, comprising:
- a bit body for interconnection to a drill string, and a plurality of cutting elements extending from the bit body;
 - a first set of the cutting elements adapted for milling casing material; and
- a second set of the cutting elements adapted for drilling subterranean formation material, wherein the bit is bi-centered.
- 33. 34. (Cancelled)
- 35. (New) A rotary drill bit for milling casing material and drilling subterranean formation material, comprising:
 - a bit body having a plurality of cutting elements extending from the bit body;
 - a first set of the cutting elements adapted for milling casing material; and
- a second set of the cutting elements adapted for drilling subterranean formation material, wherein the cutting elements of the first and second sets are substantially interspersed on a surface of the bit body and the first set of cutting elements has a tip exposure substantially equal to a tip exposure of the second set of cutting elements and

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the cutting elements of the first set have a face configuration different than the cutting elements of the second set.